

PROPOSED COUNCIL STUDY ISSUEFor Calendar Year: 2004Continuing ☐New ☒Previous Year (below line/defer) ☐**Issue:** Modification to the BMR in lieu fee requirements**Lead Department:** Community Development**General Plan Element or Sub-Element:** Housing and Community Revitalization Sub-Element**1. What are the key elements of the issue? What precipitated it?**

The City Council adopted modifications to the Below Market Rate (BMR) provisions of the Zoning Code in January 2003. Ownership developments of nine or more units are required to dedicate 12.5% of the units as BMRs. Rental projects will eventually be required to dedicate 15% of the units as BMRs. The code provides that, subject to approval by the Director of Community Development, an in-lieu fee may be paid for developments of 19 or fewer units. The calculation of required BMR units is rounded up or down to a whole number. A half unit is rounded up to the next whole number. The key issue is whether to accept an in-lieu payment for a portion of a unit. During the recent updates to this code staff had considered whether in-lieu fees for partial units should be considered. Staff did not include that as a recommendation.

The issue surfaced when a 12 unit ownership development would have been required to dedicate two BMR units ($12 \times 12.5\% = 1.5$; rounding up = 2). The developer wished to dedicate one unit and pay a proportional in-lieu fee, which is not permitted by the BMR code. The developer later modified the project and took advantage of the density bonus provisions, which for projects of 9-19 units allow a 15% + 1 unit bonus. The study would examine the costs and benefits to the city as well as the developer in modifying this aspect of the code. Based on a cursory review of this issue staff believes that a proportional dedication is most desirable for a 12 unit project, marginally desirable for 13-19 units, and not at all desirable for 9-11 units.

2. How does this relate to the General Plan or existing City Policy?**Housing and community Revitalization Sub-Element**

Goal E Maintain and increase housing units affordable to households of all income levels and ages.

Policy E.1.b Comprehensively review and update the Below Market Rate (BMR) programs to better address affordable housing needs. Review code requirements for terms and conditions, review and update administrative processes to enhance marketing, monitoring and compliance.

3. Origin of issue:

Councilmember: _____

General Plan: _____

Staff: _____

BOARD or COMMISSION

Arts	<input type="checkbox"/>	Library	<input type="checkbox"/>
Bldg. Code of Appeals	<input type="checkbox"/>	Parks & Rec.	<input type="checkbox"/>
CCAB	<input type="checkbox"/>	Personnel	<input type="checkbox"/>
Heritage & Preservation	<input type="checkbox"/>	Planning	<input checked="" type="checkbox"/>
Housing & Human Svcs	<input checked="" type="checkbox"/>		

Board / Commission Ranking/Comment:

<u>Housing & Human Services</u>	Board / Commission ranked	<u>5</u>	of	<u>6</u>
<u>Planning Commission</u>	Board / Commission ranked	_____	of	_____

4. Due date for Continuing and Mandatory issues (if known): _____

5. Multiple Year Project? Yes ☐ No ☒ **Expected Year of Completion** 2004

6. Estimated work hours for completion of the study issue.

(a) Estimated work hours from the lead department 175

(b) Estimated work hours from consultant(s): _____

(c) Estimated work hours from the City Attorney's Office: 20

(d) List any other department(s) and number of work hours:

Department(s): _____

Total Estimated Hours: 195

7. Expected participation involved in the study issue process?

(a) Does Council need to approve a work plan? Yes ☐ No ☒(b) Does this issue require review by a Board/Commission? Yes ☒ No ☐If so, which Board/Commission? Planning
Commission/Housing and Human
Services
Commission(c) Is a Council Study Session anticipated? Yes ☐ No ☒

(d) What is the public participation process?

(insert text)

8. Estimated Fiscal Impact:

Cost of Study	\$
Capital Budget Costs	\$
New Annual Operating Costs	\$
New Revenues or Savings	\$
10 Year RAP Total	\$

9. Staff Recommendation

- ☐ Recommended for Study
- ☐ Against Study
- ☒ No Recommendation

Explain below staff's recommendation if "for" or "against" study. Department director should also note the relative importance of this study to other major projects that the department is currently working on or that are soon to begin, and the impact on existing services/priorities.

Meet with residential development community and housing advocacy groups. Standard Public Hearing notification is done.

reviewed by

Department Director_____
Date

approved by

City Manager_____
Date